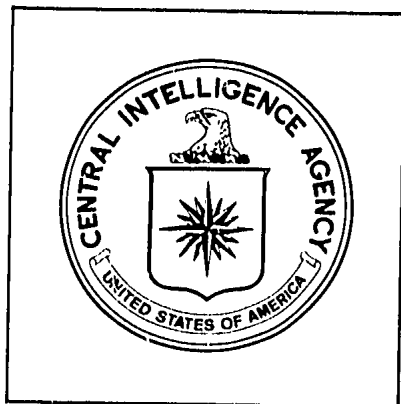


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DEVELOPMENTS IN INDOCHINA

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LAOS

Souvanna--A Man Under the Influence?

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Prime Minister Souvanna Phouma's convalescence in the royal capital of Luang Prabang seems to be proceeding satisfactorily. Apparently recognizing that recovery from the serious heart attack that felled him last summer depends heavily on the extent to which he is able to limit personal involvement in the host of difficult problems confronting the coalition government, Souvanna has wisely kept his political workload at a minimum. He meets only twice monthly with his cabinet and leaves routine coalition business to the government's two deputy prime ministers.

The US embassy is concerned, however, that Souvanna's seclusion in Luang Prabang has exposed



Souphanouvong (l) and Souvanna Phouma

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him to the persistent influence of his half-brother, Lao Communist leader Souphanouvong, who--as chairman of the coalition's Joint National Political Council--maintains permanent residence in the royal capital. Senior non-Communist members of the coalition, most of whom are based in Vientiane, have only limited access to the Prime Minister. As a result, much of the information he receives on the current state of affairs in the kingdom comes from Pathet Lao sources.

In Ambassador Whitehouse's opinion, constant exposure to the Pathet Lao point of view doubtless colors Souvanna's judgments and exacerbates his long-standing suspicions of right-wing political and military leaders and contributes to his inclination to minimize the threat posed by the Pathet Lao's drive for greater power and authority.

As an illustration of Souvanna's present dependence upon the Pathet Lao, the embassy has learned that the Prime Minister's New Year's address to the nation was drafted either by Souphanouvong or by Communist deputy prime minister Phoumi Vongvichit. Not surprisingly, much of the speech has a distinctly Pathet Lao cast. One passage, for example, singles out the US as having special responsibility for "healing the serious wounds of war in Laos"--a propagandistic formulation long pushed by the Lao Communists.

Souvanna's recent endorsement of Souphanouvong's 18-point national political program, a comprehensive set of domestic and foreign policy guidelines for the coalition government, is another case in point. The program had been pending before the cabinet for more than six months, but, because of non-Communist objections to several controversial provisions, no final action had been taken. The non-Communists have proposed a number of amendments to those provisions they

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considered inimical to their own political interests as well as those of the US. Souvanna, however, appears to have approved Souphanouvong's original proposal more or less intact--almost certainly in response to pressure from the "Red Prince."

There is no reason to believe that because of these recent actions, Souvanna is in danger of becoming a pawn of the Pathet Lao. Nor is there any evidence that he deliberately wishes to complicate US-Lao relations or to seriously undercut the political position of the non-Communist side. Rather, the Prime Minister seems to have concluded that, if Laos' third coalition experiment is to succeed, the non-Communists must ultimately yield on all but the most important issues in the face of Pathet Lao intransigence. [REDACTED]

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SECRET**NORTH VIETNAM****More Plowshares Than Swords in 1975**

Media coverage of the North Vietnamese Army's 30th anniversary celebration in late December reinforces the view that Hanoi is not yet ready to commit itself to an all out offensive in the South, but rather will concentrate this year on building its economy and strengthening its armed forces.

During December, major articles by the army's three senior generals were published commemorating the anniversary. By far the most significant was the article by General Van Tien Dung, the army's chief of staff. He addressed the problem of combining economic development with consolidation of national defense--the same subject touched on in an unattributed essay in the August issue of the party's theoretical journal. Dung clearly states that the present goal of the army--as well as the rest of the population--must be to devote "all of its strength to building and developing the economy while strengthening national defense." He justifies this course by saying that the army's primary responsibility of defending the socialist North can only be accomplished with a powerful military establishment and that this in turn depends on a strong economy.

Dung goes out of his way, however, to emphasize that the regime's present economic priorities may eventually be superseded by military ones as the overall situation of the revolution changes. He repeatedly notes that current efforts must focus on the economy first and "consolidating national defense" second, but acknowledges that at a later, "critical" date, the requirements of the war may replace those of building up the economy in importance.

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Like the August article in *Hoc Tap*, General Dung's essay suggests that the leadership's present priorities may not be fully accepted by elements within the army and, possibly, the party itself. Dung's repeated explanation of the party's "flexible" lines and his admonitions to both economic and military cadre to "firmly grasp the present line" indicate that some people still disagree with the regime's choice of priorities.

The recently completed session of North Vietnam's National Assembly also focused its attention on promulgating economic targets for 1975. Le Thanh Nghi, the regime's foremost economic planner, gave the long--albeit overly optimistic--keynote address. Foreign Minister Nguyen Duy Trinh in his report to the assembly also emphasized the importance of "building socialism" in the North. In ranking diplomatic priorities for the coming year, Trinh placed efforts to gain support for "the struggle for the building of socialism" before the struggle for implementation of the Paris agreement and the completion of the national, democratic revolution.

The leadership in the North has not given any public signal that it is prepared to abandon the Paris Accords in favor of a return to all-out warfare. Propaganda over the last few months has sought to justify the "correctness" of the party's decision to sign the 1973 agreements and prove that tangible gains in the South are being made with the present strategy. Moreover, Hanoi's coverage of the recent increased level of fighting has, in general, been muted and has emphasized that Communist "counter-blows" have been made in direct response to cease-fire violations by Saigon's forces.

The current public emphasis on economic matters does not mean that the North Vietnamese leadership has given up its goal of conquering the South and

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reunifying the country. As in the past, Hanoi's decisions on the war will be based primarily on the military opportunities and realities it perceives in the South. Meanwhile, the task of reconstructing North Vietnam's economy will not be an easy one. There are still no clear signs that the regime has made the hard decisions on the allocation of resources between sectors that would normally accompany socialist economic planning. Development of the agricultural sector will be a long-run process which will only slowly respond to the state's policy initiatives. Industrial growth, in turn, will depend to a large extent on substantial foreign material and technical assistance.

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SOUTH VIETNAM

Anticipated Communist Action in Saigon
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Prime Minister Khiem told his staff late last week that he was convinced, on the basis of some reports received during the past several months, that the Communists are about to implement a vigorous sabotage and terrorist campaign in and around Saigon before the Tet holidays in mid-February.

Khiem has ordered security precautions increased within the Capital Special Zone--the city of Saigon and surrounding Gia Dinh Province--to lessen the threat of new attacks. All district chiefs are to organize more patrols, ambush operations, and reconnaissance missions, and are expected to tighten up security at power and water plants. These measures are patterned after the ongoing pre-emptive operations of the National Capital Police Command which has been reinforced with newly trained cadets and a National Police Field Force detachment. Since mid-December, the combined police forces have rolled up large numbers of suspected Communists while conducting massive search operations in Saigon's 11 precincts and the four districts of Gia Dinh Province.

While Communist planning called for attacks against a large number of targets, only two significant incidents have thus far occurred. The first was the rocketing of a government communications facility just outside of Saigon in early January, and the second was a sapper attack on the main electrical power plant which briefly disrupted service to the city. A number of lesser attacks have been aimed at police facilities just outside the city limits, but these have been ineffectual.

Despite increased government countermeasures, the Communists are likely to continue their sabotage

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and terrorist efforts in and around Saigon. In addition to government offices and facilities, fuel and ammunition storage areas and the Tan Son Nhut Air Base probably remain top Communist priorities for attacks. By conducting such attacks, the Communists hope to underscore their claims that the government is unable to provide sufficient security for the populace, even in the capital city.

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Thieu Looking for Better Military Leadership
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Recent government reverses in Binh Tuy Province may be spurring President Thieu to replace several high-level commanders. [REDACTED]

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Although the first phase of the Communist winter campaign may be over and the threat to the northern reaches of Binh Tuy diminished, Khiem was anxious to find a military leader who would energetically defend government territory rather than one whose ability was primarily in administering villages and hamlets--a characteristic of the existing province chief. On January 13, the province chief was replaced by Colonel Tran Ba Thanh, a former Regimental Commander in the 18th Division.

The South Vietnamese 18th Division commander has had a prolonged and serious eye ailment and plans to come to the US for treatment after the current fighting dies down. His impediment has caused him to be absent frequently, however, and performance of the division has suffered. [REDACTED]

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SECRET**Communist AAA Increasingly Effective**
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Communist antiaircraft fire has been increasingly effective and has been instrumental in their ability to make recent offensive gains. It prevented resupply of the government's beleaguered and isolated positions at Phuoc Binh and atop Nui Ba Den. This new tactic is expected to be utilized in future operations against isolated government targets, such as the Kien Tuong provincial capital of Moc Hoa near the Cambodian border.

In addition to the normal 12.7-mm. machine guns, the commander of the South Vietnamese 3rd Air Division claims that 23-mm., 37-mm., and even 57-mm. weapons have been used by the Communists since their campaign began in early December. These larger weapons force the South Vietnamese to bomb from altitudes of 6,000 to 8,000 feet, greatly reducing their effectiveness. Air dropping of supplies from high altitudes to surrounded troops has also been almost completely ineffective.

The Communists have also been very effective with their highly mobile heat-seeking, hand-held SA-7 missile system. During the past 30 days, their kill ratio has been one aircraft downed for every three missiles fired (compared to one for five in 1974). Some losses may be attributed to an increase in the number of lower altitude government air missions during the recent fighting. The South Vietnamese, however, can ill afford additional losses of their attack and support aircraft and probably will continue to restrict sharply the number of missions flown within the 9,000-foot range of the SA-7. [redacted]

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